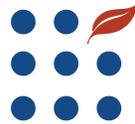




United States  
Department  
of Agriculture

LDP-M-104

Feb. 18, 2003



Electronic Outlook Report from the Economic Research Service

[www.ers.usda.gov](http://www.ers.usda.gov)

# Livestock, Dairy, and Poultry Outlook

**Leland Southard (Coordinator)**

## Livestock and Poultry Prices Higher in 2003

Livestock and poultry prices are expected to rise in 2003 as total red meat and poultry production drops 1-2 percent from last year. Additional price support is expected from a 5-percent rise in exports. Prices of all species are expected to be higher, led by Choice steer prices, which are expected to average \$73-\$78 per hundredweight (cwt) in 2003, compared with \$67 in 2002. Turkey prices are expected to register the smallest gain, 3-4 percent.

Cattle and calves on January 1, 2003, totaled 96.1 million head, down less than 1 percent from a year earlier, but down over 7 percent from the 1996 cyclical peak of 103.5 million head. Last year marked the 7th year of herd liquidation in this cycle, which began in 1990 at 95.8 million head. As a result of the continuing inventory decline, beef production in 2003 is expected to drop about 4 percent from 2002. High cow slaughter and continued drought in many areas will likely extend the liquidation stage beyond 2003. Tight forage supplies, uncertain water supplies, and a weakened financial base for producers may prevent too rapid an expansion.

Broiler production in 2003 is expected to be up less than 1 percent from last year. The weekly egg sets are below a year ago as producers react to low prices and export uncertainties. The timing of Russia's poultry quota remains unclear, but the U.S. share of the quota is expected to be large enough to allow a 5-percent increase in total broiler exports in 2003. As a result, broiler prices are expected to average 60 cents per pound in 2003, compared with 55.6 cents last year.

Hog slaughter in January exceeded earlier expectations, and it now appears that first-quarter slaughter may be about 1 percent above last year. With the higher slaughter, the national base cost for 51-52 percent lean hogs (live equivalent) is likely to range between \$34-\$36 per hundredweight. Slightly higher supplies of pork products will reduce retail prices to \$2.63 a pound. The estimate for fourth-quarter 2002 imported live hogs was lowered 3 percent, to 1.55 million head. This change reflects weekly import data from USDA/APHIS suggesting that while fourth-quarter 2002 imports of Canadian feeder pigs increased over fourth-quarter 2001, fewer slaughter hogs came south than in the same period of 2001. Official U.S. import data for the final month of 2002 will be released by the U.S. Census on February 20.

### Contents

[Cattle/Beef](#)

[Dairy](#)

[Sheep](#)

[Poultry](#)

[Contacts and Links](#)

### Tables at a Glance

[Red Meat and Poultry](#)

[Economic Indicators](#)

[Dairy](#)

### Web Sites

[Cattle](#)

[Hogs](#)

[Poultry and Eggs](#)

[Dairy](#)

[WASDE](#)

-----  
The next release is  
February 25, 2003  
-----

Approved by the  
World Agricultural  
Outlook Board.

### ***Cattle Cycle Liquidation Phase Continues, But Slowing***

Cattle inventories have continued to decline, but at a relatively moderate rate over the past 2 years. Periodic drought in some areas and continued drought in others has limited the industry's forage resources, forcing cow slaughter to remain relatively high. Consequently, the industry has had difficulty stabilizing, much less beginning to expand. Cattle and calves on January 1, 2003, totaled 96.1 million head, down less than 1 percent from a year earlier, but down over 7 percent from the 1996 cyclical peak of 103.5 million head. Last year marked the 7th year of herd liquidation in this cycle, which began in 1990 at 95.8 million head. The present high cow slaughter and ongoing drought in many areas will almost certainly push even the beginning stages of expansion beyond 2003. Forage supplies remain very tight and water supplies are uncertain in many regions. Rebuilding the forage base and, for many producers, the financial base, even with stronger cattle prices, is likely to be slow.

### ***Feeder Cattle Supplies Tighten, On-Feed Inventories Down***

Although the calf crop was down slightly in 2002, supplies of feeder cattle outside feedlots on January 1, 2003, were up over 1 percent (368,000 head) from a year earlier. However, the January 1 total cattle on feed inventory was down nearly 945,000 head. This leaves a fairly large deficit in feedlot inventories this year, although placements will be relatively large this winter.

A much larger proportion of the feeder cattle supply is on small grain pasture this year. The number of calves, other heifers, and steers being grazed in Kansas, Oklahoma, and Texas is 3.7 million head, up 900,000 head from a year ago. Rates of gain on wheat pasture, similar to those in feedlots, have been very good, and cattle will start to be moved off pasture through March, beginning in the southern areas as the crop begins to develop. These cattle gain much better on small grain pasture than on other winter pasture, and most will be marketed from feedlots through midsummer. Once these winter-grazed cattle are placed on feed,

supplies of feeder cattle will tighten sharply. Improved moisture and grazing conditions this spring and summer would increase competition for the reduced supply of stocker/feeder cattle. Further retention of heifers from last year's calf crop, which could be bred in late spring-early summer, or retained from this year's calf crop for breeding next year, will further tighten supplies and result in even lower feedlot placements in late spring through the next couple of years.

Cattle on feed inventories (7-State) on January 1, 2003, were down 8 percent from a year earlier. First-quarter feedlot placements will likely be near or just above year-earlier levels as stocker cattle are removed from small grain pastures. Consequently, placements will likely exceed marketings, but inventories will remain well below year-earlier levels. Feedlot inventories in the second half of the year are likely to average 8 to 10 percent below a year earlier. Largest year-to-year declines in fed cattle marketings will be in late summer-fall, after the last of the small grain pasture cattle are marketed.

### ***Fed Cattle and Cow Slaughter Expected To Decline in Second Half***

Beef production in January provides a glimpse of winter production concerns. Although beef production was down about 2 percent from a year earlier, cow slaughter was up 8 percent while steer and heifer slaughter was down 4 percent. Poor forage conditions and continued higher hay prices force more beef cows to slaughter, and the increased availability of dairy replacement heifers has resulted in much larger dairy cow slaughter. Conditions through the beginning of spring grazing will be critical for beef cow slaughter levels. Fed cattle marketing should range from near to slightly below year-earlier levels this spring through mid-summer. However, slaughter levels should decline fairly sharply in late summer through fall and into 2004. Beef cow slaughter should fall below year-earlier levels beginning this spring, although regaining near-normal forage conditions will be critical. Many areas remain very dry this winter, and reservoirs remain very low throughout the West. The drought has expanded into the western Corn Belt this winter.

### ***Fed Prices Again Challenge Records***

Tighter than expected fed cattle supplies and continued strong demand resulted in fed cattle prices challenging the strong prices of early 1993 and 2001, when weather extremes reduced beef supplies well below expectations and resulted in strong competition for the available supply. With on-feed inventories already down, supplies will likely remain tight, but become more available as the weather moderates into the important spring and summer barbecue season. Fed cattle prices are likely to remain well above a year earlier and average in the mid-\$70s this spring and summer, particularly as beef exports to Japan appear to be moving back toward pre-BSE levels. Prices are expected to return to the upper \$70s range this fall.

Stocker/feeder cattle prices remain under pressure due to large feedlot losses over the past 18 months and concerns of price declines from the lofty levels of early winter. This winter, yearling prices have averaged only near fed cattle price levels, and at times have actually averaged slightly lower. Prices are expected to rise into the mid \$80s this spring

and into the upper \$80s this summer as competition for the reduced supply increases. Feeder cattle prices this fall and into 2004 are likely to move into record territory of the low \$90s. Heifer retention and favorable grazing conditions will be key to this scenario's development.

Utility cow prices are averaging near \$40 per cwt this winter, but are expected to move into the mid-to upper \$40s this spring through the second half of the year. Herd rebuilding and tight supplies of imported processing beef will also contribute to stronger prices.

### ***Retail Beef Prices Continue To Strengthen***

Cattle and boxed beef prices have moved into record territory, and retail prices for Choice beef have been increasing since October when they dipped to \$3.26 a pound, the lowest monthly price in 2002. Prices rose throughout the fourth quarter, but averaged below the fourth-quarter 2001 record of \$3.35 a pound. Retail prices are expected to rise throughout the year, and the average for 2003 likely will break the record of \$3.38 set in 2001.

### *Dairy Heifer Markets Ease*

The worst of the recent replacement heifer shortage appears to be over. During 2001-2002, very strong demand for heifers to fill new barns generated soaring prices for replacement heifers, despite historically large heifer supplies. These short-run pressures, on top of long-run trends increasing demand for heifers, dried up heifer availability enough to significantly affect milk cow numbers. Milk per cow was weakened by abnormal culling just to keep barns full. By the end of 2002, slowing pressure for dairy farm expansions, and growth in heifer supplies had restored more normal conditions in heifer markets. However, similar periods are likely periodically until management practices fully adjust to higher long-run heifer prices.

On January 1, 2003, farmers held 4.1 million dairy replacement heifers, up about 1 percent from the previous 2 years. The number of replacements per 100 milk cows was a record 44.8. A ratio of only about 41 heifers was adequate to expand the milk cow herd without strain 20 years earlier, and there were still only about 43 heifers per 100 cows a decade ago. Possibly most important was the relatively large number of heifers intended to enter the milking herd during the year, up 1 percent from a year earlier and 5 percent from 2001.

The increase in dairy replacements is at least partially a response to the very high heifer prices of recent years. The annual average price of milk cow replacements set a record every year during 1999-2002. Although farmers were already attempting to raise almost all of the potential replacement heifers, these strong prices created extra incentive to reduce death loss and health problems leading to culling. Also, the strong markets encouraged additional attention to heifer nutrition and care to ensure that they came into the herd on schedule. Although these management adjustments had very

small individual effects, they collectively led to a significant expansion of the heifer herd.

By mid-2001, the generally strong returns to milk production during 1998-2001 were making many of the stronger dairy farmers anxious to build new operations and bring them into production. These expansions put severe pressure on heifer supplies and prices. Replacement cow prices reached an average of around \$1,700 in late 2001-early 2002, up almost a fourth from any time previous to 2001. By the time heifer prices peaked, milk prices were already dropping sharply. However, heifer prices continued to be supported by the need for heifers to stock those expansions still coming into production, to fill the earlier expansions not yet up to capacity, and to replace cows that normally would have been culled earlier.

In January 2003, replacement cow prices were back to levels similar to those of 1999 or 2000. Replacement prices may ease further in coming months. The larger number of heifers may be joined by larger supplies of older replacements, if the rate of dairy farm exits creeps up as expected. In addition, the number of new facilities coming into production should be slowing. However, prices are not likely to decline to the levels of most of the 1990s, forestalled by the long-run trend increase in the number of heifers needed under current management practices.

Changes in the heifer market provide mixed signals for 2003 milk production. Easing in heifer markets implies that heifer availability is no longer a major limitation to individual farm expansions. Expansions can come into operation quicker and more fully, having a more immediate impact on total milk cow numbers. On the other hand, the portion of the heifer price decline that comes from weaker demand for replacements indicates that dairy farm expansions may finally be slowing, and that lower milk prices may be starting to restrain milk production.

## ***Sheep and Lamb Inventory Continues To Decline***

The inventory of all sheep and lambs fell in 2002, continuing the long downturn. On January 1, 2003, inventory totaled 6.35 million head, down 5 percent from 2002 and 9 percent from 2001. Among the top 10 States, the biggest percentage drops were in Oregon (18 percent), Utah (12 percent), and Montana (10 percent). Texas, the largest sheep producing State, experienced a 7-percent drop. California, the second largest sheep producing State, saw a 1-percent drop.

The breeding sheep inventory declined by 5 percent from a year ago, compared with a 1-percent decline last year. Texas saw a 40,000-head reduction in breeding sheep and lambs, while Montana, Wyoming, and Utah each saw 30,000-head reductions. The replacement lamb inventory was 4 percent below a year earlier but 4 percent higher than 2 years ago, prior to the ewe retention program instituted as part of the Lamb Industry Improvement Initiative. Persistent drought conditions in the Western States resulted in a higher than normal selloff of breeding ewes, especially in the summer and early fall of 2002. Continued drought conditions in 2003 may result in further reductions in the breeding stock and continue to dampen the impact of the ewe retention program.

## ***Tight Supplies Expected and Lamb Prices Near Record Levels***

In 2003, commercial production of lamb and mutton is projected to total 208 million pounds, down 5 percent from a year ago. The inventory decline and the ongoing drought conditions would continue to reduce numbers of market lambs and tighten domestic supplies. Tight supplies are expected to continue in the first quarter of 2003 as high prices encourage producers to hold lambs to heavier weights and market them for the Easter and Passover holidays. Lamb demand usually peaks at the religious holidays, which are in mid-April this year.

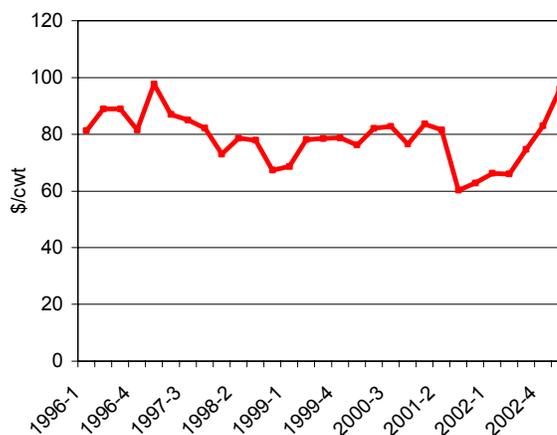
With the existing tight lamb supplies, prices are expected to increase to near record levels. Prices of slaughter lambs at San Angelo are expected to average \$97 per cwt in the first quarter, 2003, more than \$30 per cwt above the same period last year. Lower production estimates also suggest higher U.S. farm prices for lamb in 2003.

## ***Lamb and Mutton Imports To Increase Despite Growing Problems Raising Sheep in Australia***

In 2003, lamb and mutton imports are expected to total about 172 million pounds, up 6 percent. In 2002 imports rose about 12 percent. Attractive U.S. prices favor increased imports from Australia and New Zealand.

Drought conditions in Australia, the supplier of nearly 60 percent of U.S. imported lamb, persist. Australian producers have had to reduce their stock due to unfavorable weather conditions. The optimal stocking rate is heavily influenced by pasture conditions.

**San Angelo Choice Slaughter Lamb Prices, Quarterly 1996-Q1 --2003-Q1**



### ***Trade and Disease Issues Dominate Poultry Industry***

There are currently a number of trade and disease issues affecting the U.S. poultry industry. How these issues are resolved could have an impact on both short-term and long-term outlooks especially regarding poultry shipments to Russia, China, and Mexico, the three largest U.S. poultry export markets.

- Russia has indicated that it will place a quota on total poultry imports starting around May 1, 2003. The quota is expected to be 744,000 metric tons, with 553,500 metric tons allocated to the United States. Over the 8-month period of the quota this would average out to 152.5 million pounds a month, almost 20 million pounds above average U.S. poultry shipments to Russia during the first 11 months of 2002. However, this is almost 40 million pounds a month less than in 2001, when the U.S. shipped a record 2.3 billion pounds of broiler products to Russia, 192 million pounds a month. In 2004, the overall Russian import quota will be approximately 1 million metric tons. If the U.S. receives the same percentage of the quota as in 2003, then U.S. exports to Russia would be around 780,000 metric tons, or 143 million pounds per month. The stated purposes of the quota are to protect Russia's domestic poultry industry and to encourage its expansion. The quotas are for all poultry product imports, so shipments of turkey products would also count as part of the quota.

- Russia is also in the process of certifying which U.S. poultry processing plants will be allowed to continue to export there. At some point, broiler products from plants without this certification will be disallowed. To date, only a small number of U.S. plants have passed this certification process.

- As of January 1, 2003, under the North American Free Trade Agreement (NAFTA), all quotas and tariffs on U.S. poultry products exported to Mexico were phased out. However, Mexico has placed a tariff-rate quota (TRQ) on the importation of U.S. broiler leg quarters, thighs, and drumsticks. Imports over the quota will incur a 98.8-percent tariff. Presently, the TRQ is for 6

months only, and there has been no official announcement about subsequent TRQ levels. Shipments of turkey products to Mexico, the largest U.S. export market, have not been affected and will have no quotas or tariffs.

- Currently, there are ongoing discussions with the Chinese government regarding changes in poultry labeling requirements. China insists on bilingual labels directly on shipping containers and on plastic inner liners. China has placed a deadline of April 1, 2003, on this new requirement, after which shipments without the correct labeling will be refused entry.

- Exotic Newcastle disease (END) has been detected in Southern California and parts of Nevada and Arizona. END does not affect humans, but is highly contagious and deadly among poultry. So far, the disease has been confined to non-commercial flocks in Nevada and Arizona. In Southern California, commercial egg-laying flocks have been affected and over 2 million birds (less than 1 percent of the total U.S. domestic egg-laying flock) have been destroyed.

- As a result of the END outbreak, many countries have banned poultry and egg product imports from the affected States. A number of States have also placed restrictions on shipments of live birds, including game birds and pet birds, from the affected areas.

### ***Broiler Production Expected Lower in First-Half 2003***

The low prices and uncertain export environment that prevailed for broilers during much of 2002 has continued into 2003. Broiler production for the first half of 2003 is expected to be down slightly from a year earlier as producers react to low prices and export uncertainties. This is the first time that federally inspected broiler production has fallen in two consecutive quarters since 1975. The expectation is that smaller production will eventually reduce the large supplies of frozen broiler products currently overhanging the market, and unless further trade issues develop, exports in 2003 are expected to exceed those of 2002. The combination of lower broiler production and improving trade, along with lower competing meat

Supplies, are expected to gradually strengthen broiler prices in the second half of 2003. By the second half, production is expected to be increasing, rising 3.3 percent in the fourth quarter compared with the previous year.

U.S. broiler meat production for 2002 on a ready-to-cook (RTC) basis was 32.3 billion pounds, 3.3 percent higher than in 2001. The increase in production was due to a 1.6-percent increase in the number of birds being slaughtered and a 1.4-percent increase in the average weight of broilers at slaughter. During the fourth quarter of 2002, broiler integrators slowed production in response to low prices in the domestic market and low prices for exported products due to uncertain access to the Russian market, by far the largest for the U.S. During the fourth quarter of 2002, production was 7.94 billion pounds, only 1 percent above the same period in 2001. The number of birds processed in the fourth quarter actually was down 0.2 percent, and only an increase of 1.6 percent in average slaughter weights pushed broiler production higher.

### ***Turkey Production Seen as Flat in 2003***

Turkey production in 2003 is forecast at 5.7 billion pounds, up only marginally from the previous year. With large stocks of turkey products at the beginning of the year and no growth expected in domestic per capita consumption or exports, turkey prices are expected to be relatively flat in 2003, especially for turkey parts.

Turkey production in 2002 paralleled broiler production. RTC production totaled 5.7 billion pounds, up 2.8 percent from the previous year. Like broilers, turkey production slowed in the second half, with production only 1.3 percent higher than the previous year (as opposed to

4.4 percent higher in the first half of the year). An outbreak of avian influenza in some turkey production areas earlier last year was originally expected to increase prices, but the number of birds affected was too small to effect prices on a national level. Prices for whole birds in 2002 averaged 64.5 cents per pound, down 2.8 percent from the previous year. Prices for turkey parts were also lower, with prices for turkey breasts down 4.1 percent and wing prices 25 percent lower.

### ***Little Growth Expected in Egg Production***

Egg production for consumption and for hatching is expected to be basically flat in 2003. This slowdown in the availability of eggs for consumption is expected to result in higher wholesale prices. Two major issues are expected to affect the demand for eggs. First, a slower economy is expected to lower the demand for breaking eggs, which has been a growing component of table egg demand. Second, U.S. exports of eggs in 2003 are forecast to be only 77 percent of what they were 5 years earlier as domestic production rises in other countries. This reduction in exports has left more eggs for consumption in the domestic market.

Egg production in 2002 was 7.22 billion dozen, with 85 percent of that coming from table egg production and the remainder from hatching egg production. Hatching egg production was down slightly from the previous year, mostly due to the slowdown in broiler industry growth. Production of eggs for consumption was also relatively flat, increasing only 1.1 percent. One growth area in the egg industry was in the number of eggs broken for restaurant and bakery use. Breaking egg use in 2002 totaled 1.9 billion dozen, or 31 percent of total egg consumption.

## Contacts and Links

### Contact Information

|                                 |              |  |
|---------------------------------|--------------|--|
| Leland Southard (coordinator)   | 202-694-5187 | <a href="mailto:southard@ers.usda.gov">southard@ers.usda.gov</a> |
| David J. Harvey (poultry)       | 202-694-5177 | <a href="mailto:djharvey@ers.usda.gov">djharvey@ers.usda.gov</a> |
| Ron Gustafson (cattle)          | 202-694-5174 | <a href="mailto:ronaldg@ers.usda.gov">ronaldg@ers.usda.gov</a>   |
| Dale Leuck (beef trade)         | 202-694-5186 | <a href="mailto:djleuck@ers.usda.gov">djleuck@ers.usda.gov</a>   |
| Keithly Jones (sheep and lambs) | 202-694-5172 | <a href="mailto:kjones@ers.usda.gov">kjones@ers.usda.gov</a>     |
| Mildred Haley (hogs/pork)       | 202-694-5176 | <a href="mailto:mhaley@ers.usda.gov">mhaley@ers.usda.gov</a>     |
| Jim Miller (dairy)              | 202-694-5184 | <a href="mailto:jjmiller@ers.usda.gov">jjmiller@ers.usda.gov</a> |
| LaVerne Williams (statistics)   | 202-694-5190 | <a href="mailto:lwilliam@ers.usda.gov">lwilliam@ers.usda.gov</a> |
| Laverne Creek (web publishing)  | 202-694-5191 | <a href="mailto:lmcreek@ers.usda.gov">lmcreek@ers.usda.gov</a>   |
| Donald Blayney (dairy)          | 202-694-5171 | <a href="mailto:dblayney@ers.usda.gov">dblayney@ers.usda.gov</a> |

### Subscription Information

Subscribe to ERS e-mail notification service at <http://www.ers.usda.gov/updates/> to receive timely notification of newsletter availability. Printed copies can be purchased from the USDA Order Desk by calling 1-800-999-6779 (specify the issue number or series SUB-LDPM-4042).

### Related Articles

The following are links to recent articles (in Adobe Acrobat format).

#### Controversies in Livestock Pricing

<http://www.ers.usda.gov/publications/agoutlook/Dec2002/ao297f.pdf> Some livestock producers allege that aspects of the livestock pricing system contribute to low prices. Controversies continue over the extent to which structural changes and pricing methods have affected producer prices. [William Hahn](#) (202) 694-5175

#### Where's the Beef? Small Farms Produce Most Cattle

<http://www.ers.usda.gov/publications/agoutlook/Dec2002/ao297g.pdf> Small operations produce the majority of beef cattle in the U.S., and control 74 percent of land dedicated to beef cattle production. Differences in size of farms have implications for farm policy. [A. James Cash II](#) (202) 694-5149.

### Data

#### Retail Price Reporting for Meat

<http://www.ers.usda.gov/Data/Meatscanner/> A new ERS database contains monthly average retail prices for selected cuts of red meat and poultry, based on electronic supermarket scanner data. While not based on a random sample, the raw data underlying the database are from supermarkets across the United States that account for approximately 20 percent of U.S. supermarket sales. [Leland Southard](#) (202) 694-5187.

### Web Sites

Cattle, <http://www.ers.usda.gov/briefing/cattle/>

Hogs, <http://www.ers.usda.gov/briefing/hogs/>

Poultry and Eggs, <http://www.ers.usda.gov/briefing/poultry/>

Dairy, <http://www.ers.usda.gov/briefing/dairy/>

WASDE, <http://www.usda.gov/oce/waob/wasde/latest.pdf>

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, sex, religion, age, disability, political beliefs, sexual orientation, or marital or family status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD).

To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 14th and Independence Avenue, SW, Washington, DC 20250-9410 or call (202) 720-5964 (voice and TDD). USDA is an equal opportunity provider and employer.

---

Agricultural  
Outlook  
Forum  
2003



**Arlington, Virginia**  
**February 20-21, 2003**

*Mark your calendar*

**USDA's 79th  
Agricultural Outlook Forum**

**An open market for issues and ideas**

---

Watch for details at [www.usda.gov/oce/waob/agforum.htm](http://www.usda.gov/oce/waob/agforum.htm)  
To receive program updates by email  
send requests to [agforum@oce.usda.gov](mailto:agforum@oce.usda.gov)

## New ERS Magazine to Debut in February 2003

The Economic Research Service will introduce a new magazine in February 2003 at the Agricultural Outlook Forum. The new ERS flagship publication will appear both in print and on the internet, five times annually. Its "beat" will be the full range of ERS research and analysis. It will replace all three current ERS magazines—*Agricultural Outlook*, *FoodReview*, and *Rural America*.

Each issue of the new magazine will be a window on ERS work, offering a sample of topics from across the spectrum of the agency's program. Agriculture, trade, and policy will get equal billing with food safety and nutrition, natural resources, and rural development. The Internet edition, to be updated with new articles and data between scheduled publication dates, will link readers directly to more detailed analysis on specific topics covered in the magazine.

The market outlook reports and briefing rooms published on the ERS website will continue to be the major source of detailed data, information, and analysis on specific commodities, agricultural trade, farm income and finance, and many other topics. Data that have been published in appendix tables in *Agricultural Outlook* magazine will be available on the ERS website and updated 10 times per year.

The new magazine will support the ERS goal of delivering reliable, relevant information targeted to decision makers in the public and private sectors, and will educate readers about the breadth and depth of the agency's work.

For more information on the magazine and to sign up for e-mail notification of updates, go to <http://www.ers.usda.gov/Features/newmag/>



## Red meat and poultry forecasts

|   | 2001   |        | 2002   |        |        |        |        | 2003   |        |        |        |        |
|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
|   | IV     | Annual | I      | II     | III    | IV     | Annual | I      | II     | III    | IV     | Annual |
| <b>Production, million lb</b>               |        |        |        |        |        |        |        |        |        |        |        |        |
| Beef  | 6,700  | 26,107 | 6,376  | 6,833  | 7,097  | 6,783  | 27,089 | 6,325  | 6,825  | 6,675  | 6,125  | 25,950 |
| Pork  | 5,239  | 19,138 | 4,779  | 4,800  | 4,832  | 5,255  | 19,666 | 4,825  | 4,670  | 4,750  | 5,210  | 19,455 |
| Lamb and mutton                             | 59     | 223    | 58     | 54     | 51     | 56     | 219    | 54     | 52     | 50     | 52     | 208    |
| Broilers                                    | 7,863  | 31,266 | 7,855  | 8,249  | 8,257  | 7,940  | 32,301 | 7,750  | 8,225  | 8,300  | 8,200  | 32,475 |
| Turkeys                                     | 1,454  | 5,562  | 1,385  | 1,448  | 1,413  | 1,471  | 5,717  | 1,375  | 1,450  | 1,425  | 1,475  | 5,725  |
| Total red meat & poultry                    | 21,492 | 83,006 | 20,631 | 21,568 | 21,843 | 21,692 | 85,734 | 20,506 | 21,403 | 21,375 | 21,234 | 84,518 |
| Table eggs, mil. doz.                       | 1,566  | 6,077  | 1,506  | 1,518  | 1,551  | 1,573  | 6,148  | 1,510  | 1,515  | 1,555  | 1,580  | 6,160  |
| <b>Per capita consumption, retail lb 1/</b> |        |        |        |        |        |        |        |        |        |        |        |        |
| Beef  | 16.4   | 66.4   | 16.2   | 17.6   | 17.4   | 16.6   | 67.8   | 15.8   | 17.1   | 16.7   | 14.9   | 64.5   |
| Pork  | 13.5   | 50.4   | 12.4   | 12.7   | 12.8   | 13.8   | 51.6   | 12.4   | 12.2   | 12.5   | 13.5   | 50.6   |
| Lamb and mutton                             | 0.3    | 1.1    | 0.3    | 0.3    | 0.3    | 0.3    | 1.2    | 0.3    | 0.3    | 0.3    | 0.3    | 1.1    |
| Broilers                                    | 18.9   | 76.9   | 19.4   | 20.9   | 20.7   | 19.8   | 80.8   | 19.1   | 20.6   | 20.3   | 19.7   | 79.8   |
| Turkeys                                     | 5.6    | 17.6   | 3.6    | 3.9    | 4.4    | 5.8    | 17.8   | 3.8    | 4.0    | 4.3    | 5.8    | 17.8   |
| Total red meat & poultry                    | 55.2   | 214.1  | 52.4   | 55.9   | 56.1   | 56.8   | 221.2  | 51.9   | 55.2   | 54.7   | 54.8   | 216.6  |
| Eggs, number                                | 64.9   | 253.7  | 62.6   | 62.9   | 64.3   | 64.8   | 254.6  | 62.1   | 62.1   | 63.6   | 64.7   | 252.6  |
| <b>Market prices</b>                        |        |        |        |        |        |        |        |        |        |        |        |        |
| Choice steers, Neb., \$/cwt                 | 65.13  | 72.71  | 70.19  | 65.58  | 63.29  | 69.10  | 67.04  | 76-78  | 72-76  | 72-78  | 74-80  | 73-78  |
| Feeder steers, Ok City, \$/cwt              | 85.37  | 88.20  | 81.24  | 76.96  | 78.87  | 83.08  | 80.04  | 83-85  | 82-88  | 85-91  | 88-94  | 84-89  |
| Boning utility cows, S. Falls, \$/cwt       | 39.23  | 44.39  | 41.56  | 42.28  | 37.69  | 35.69  | 39.23  | 39-41  | 47-49  | 45-49  | 45-47  | 44-47  |
| Choice slaughter lambs, San Angelo, \$/cwt  | 62.76  | 72.04  | 66.62  | 66.00  | 74.60  | 82.02  | 72.31  | 95-99  | 84-87  | 81-85  | 82-84  | 84-90  |
| Barrows & gilts, N. base, i.e. \$/cwt       | 37.30  | 45.81  | 39.43  | 35.03  | 33.86  | 31.34  | 34.92  | 34-36  | 39-41  | 38-42  | 36-38  | 37-39  |
| Broilers, 12 City, cents/lb                 | 58.50  | 59.10  | 56.00  | 56.10  | 56.40  | 53.70  | 55.60  | 59-61  | 58-62  | 59-63  | 58-62  | 58-62  |
| Turkeys, Eastern, cents/lb                  | 71.40  | 66.30  | 60.00  | 62.90  | 66.70  | 68.20  | 64.50  | 60-62  | 62-66  | 65-71  | 71-77  | 65-69  |
| Eggs, New York, cents/doz.                  | 68.20  | 67.20  | 69.10  | 58.40  | 65.30  | 75.40  | 67.10  | 74-76  | 63-67  | 67-73  | 77-83  | 70-75  |
| <b>U.S. trade, million lb</b>               |        |        |        |        |        |        |        |        |        |        |        |        |
| Beef & veal exports                         | 610    | 2,269  | 572    | 601    | 662    | 640    | 2,475  | 640    | 650    | 650    | 625    | 2,565  |
| Beef & veal imports                         | 689    | 3,164  | 737    | 934    | 839    | 700    | 3,210  | 800    | 920    | 850    | 735    | 3,305  |
| Lamb and mutton imports                     | 36     | 146    | 48     | 44     | 32     | 39     | 163    | 50     | 45     | 35     | 42     | 172    |
| Pork exports                                | 403    | 1,560  | 382    | 416    | 401    | 420    | 1,619  | 405    | 425    | 400    | 415    | 1,645  |
| Pork imports                                | 263    | 951    | 235    | 262    | 275    | 285    | 1,057  | 250    | 270    | 275    | 285    | 1,080  |
| Broiler exports                             | 1,402  | 5,555  | 1,204  | 1,119  | 1,257  | 1,285  | 4,865  | 1,250  | 1,250  | 1,350  | 1,400  | 5,250  |
| Turkey exports                              | 123    | 487    | 129    | 107    | 100    | 110    | 446    | 115    | 110    | 115    | 130    | 470    |

1/ Per capita meat and egg consumption data are revised, incorporating a new population series from the Commerce Department's Bureau of Economic Analysis based on the 2000 Census.

## ECONOMIC INDICATOR FORECASTS <sup>1/</sup>

|  | 2001  |        | 2002  |       |       |       |        | 2003  |       |       |       |        |
|--|-------|--------|-------|-------|-------|-------|--------|-------|-------|-------|-------|--------|
|  | IV    | Annual | I     | II    | III   | IV    | Annual | I     | II    | III   | IV    | Annual |
| <b>GDP, chain wtd (bil. 1996 dol.)</b> | 9,248 | 9,215  | 9,363 | 9,388 | 9,465 | 9,497 | 9,428  | 9,557 | 9,629 | 9,707 | 9,806 | 9,675  |
| <b>CPI-U, annual rate (pct.)</b>       | -0.4  | 1.9    | 1.4   | 3.4   | 1.9   | 2.3   | 2.2    | 2.2   | 2.2   | 2.2   | 2.2   | 2.2    |
| <b>Unemployment (pct.)</b>             | 5.6   | 4.8    | 5.6   | 5.9   | 5.7   | 5.8   | 5.8    | 5.9   | 5.8   | 5.6   | 5.6   | 5.7    |
| <b>Interest (pct.)</b>                 |       |        |       |       |       |       |        |       |       |       |       |        |
| 3-month Treasury bill                  | 1.9   | 3.4    | 1.7   | 1.7   | 1.6   | 1.4   | 1.6    | 1.3   | 1.4   | 1.8   | 2.1   | 1.6    |
| 10-year Treasury bond yield            | 4.8   | 5.0    | 5.1   | 5.1   | 4.3   | 4.0   | 4.6    | 4.1   | 4.2   | 4.5   | 4.7   | 4.4    |

1/ Source: Survey of Professional Forecasters, Philadelphia Federal Reserve Bank, November 2002.

## DAIRY FORECASTS

|                                      | 2001  |        | 2002  |       |       |       |        | 2003            |                 |                 |                 |                 |
|--------------------------------------|-------|--------|-------|-------|-------|-------|--------|-----------------|-----------------|-----------------|-----------------|-----------------|
|                                      | IV    | Annual | I     | II    | III   | IV    | Annual | I               | II              | III             | IV              | Annual          |
| Milk cows (thous.)                   | 9,105 | 9,115  | 9,109 | 9,145 | 9,155 | 9,148 | 9,139  | 9,125           | 9,090           | 9,060           | 9,010           | 9,070           |
| Milk per cow (pounds)                | 4,483 | 18,139 | 4,639 | 4,806 | 4,571 | 4,538 | 18,554 | 4,705           | 4,875           | 4,635           | 4,665           | 18,880          |
| <b>Milk production (bil. pounds)</b> | 40.8  | 165.3  | 42.3  | 44.0  | 41.8  | 41.5  | 169.6  | 42.9            | 44.3            | 42.0            | 42.0            | 171.3           |
| <b>Commercial use (bil. pounds)</b>  |       |        |       |       |       |       |        |                 |                 |                 |                 |                 |
| milkfat basis                        | 43.6  | 169.4  | 40.5  | 42.1  | 43.8  | 43.8  | 170.3  | 42.1            | 43.5            | 44.8            | 45.9            | 176.3           |
| skim solids basis                    | 41.0  | 163.7  | 39.1  | 40.6  | 42.2  | 41.3  | 163.2  | 40.8            | 42.2            | 43.3            | 43.0            | 169.3           |
| <b>Net removals (bil. pounds)</b>    |       |        |       |       |       |       |        |                 |                 |                 |                 |                 |
| milkfat basis                        | 0.0   | 0.1    | 0.1   | 0.1   | 0.1   | 0.1   | 0.3    | 0.5             | 0.5             | 0.0             | 0.4             | 1.4             |
| skim solids basis                    | 1.3   | 5.8    | 2.7   | 3.5   | 2.1   | 1.5   | 9.8    | 2.6             | 2.1             | 0.7             | 0.2             | 5.6             |
| <b>Prices (dol./cwt)</b>             |       |        |       |       |       |       |        |                 |                 |                 |                 |                 |
| All milk 1/                          | 14.50 | 14.97  | 12.92 | 12.10 | 11.37 | 11.93 | 12.12  | 11.35-<br>11.65 | 10.70-<br>11.30 | 10.95-<br>11.85 | 12.05-<br>13.05 | 11.25-<br>11.95 |
| Class III                            | 12.57 | 13.10  | 11.23 | 10.59 | 9.59  | 10.10 | 10.42  | 9.60-<br>9.90   | 9.50-<br>10.10  | 9.70-<br>10.60  | 10.40-<br>11.40 | 9.80-<br>10.50  |
| Class IV                             | 12.18 | 13.76  | 11.43 | 10.73 | 10.36 | 10.52 | 10.81  | 9.75-<br>10.15  | 9.65-<br>10.35  | 9.95-<br>10.95  | 10.20-<br>11.30 | 9.90-<br>10.70  |

1/ Simple averages of monthly prices. May not match reported annual averages.